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NEAR EAST/AFRICA BRANCH  
OFFICE OF REPORTS AND ESTIMATES  
CENTRAL INTELLIGENCE AGENCY

WORKING PAPER

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## NEAR EAST/AFRICA BRANCH

## INTELLIGENCE SUMMARY

Vol IV No 12

For Week Ending  
30 March 1949

## GREECE

Markezinis attacked: Allegations that Minister without Portfolio Markezinis is implicated in smuggling and illegal gold exchange operations have been raised by a group of extreme rightist politicians and echoed by the Populist press and minor opposition leaders. These accusations are generally discredited, and they patently represent an attempt to interrupt the political calm which the new government has enjoyed thus far. Although Foreign Minister Tsaldaris, the Populist Party's leader, has stated that he would not exploit the matter for political advantage, certain of his party have long looked upon Markezinis, himself an ex-Populist and a friend of King Paul and General Papagos, as a rival. Markezinis is also important as a member of the small Cabinet Coordinating Committee, a kind of inner cabinet. By attacking him, both Populists and extreme rightists may hope to shorten the life of the present government; the Populists, in particular, may thus hope to regain some of the greater influence they wielded in the previous coalition. Other attacks on the government are to be expected from the same general quarter, particularly so long as the military outlook continues to appear relatively favorable.

## TURKEY

Turkish security and the Pact: Announcement of the North Atlantic Pact has, as expected, stimulated Turkey's desire to clarify its own security position, and Foreign Minister Sadak will undoubtedly be shopping for additional US assurances on the point during his forthcoming visit to the US as head of the Turkish UN delegation. The Turks have warmly welcomed the Pact itself, but their exclusion from it has raised the possibility that the participating states might be strengthened at the eventual expense of Turkey; although Sadak may not press for membership in the North Atlantic group, even if the formation of another regional security agreement is ruled out, his position will be an unhappy one if he fails to obtain stronger US assurances than those already provided. In marshalling his strongest arguments to obtain such assurances, however, Sadak is unlikely to be as crude as a writer in the semi-official newspaper

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ULUS, who recently suggested the possibility of Turkish neutrality in language which had a faint odor of blackmail.

## PALESTINE

Military situation: Military stabilization in Palestine appears closer than ever. Israel and Lebanon have signed an armistice not only providing for Israeli withdrawal from Lebanese soil but also, by allowing each side to station only 1,500 troops as defensive forces in the border zone, allaying Lebanese fears of a new Israeli advance to the Litani River. Meanwhile, Transjordan will probably ratify by the deadline 31 March a secret agreement it has reached with Israel providing for Transjordan's assumption of responsibility for the Iraqi front in Samaria (north-central Palestine), and an armistice between the two governments may well emerge within the next few days. Although negotiations between Israel and Syria, the last of the Arab states in contact with Israeli forces, may be delayed indefinitely by the reported revolution in Syria, the Syrian front is a relatively minor one.

The passing of the military phase of stabilization brings to the fore the question of the boundaries which will emerge in a final peace settlement. Israel gained physical possession of additional territory in its recent foray into the Negeb and, in its agreement with Transjordan regarding the Iraqi front, has forced Abdullah to yield ground so as to provide the Israelis with previously Arab-held links in their road and rail net and with some high ground commanding them. The agreement stipulates that its provisions will not prejudice a final political settlement, but the armistice arrangements cannot but have a major effect on the final delineation of boundaries. Under such circumstances, it is difficult to see how the US formula, calling upon the Israelis for territorial compensation for lands they wish to hold outside the UN partition boundaries, can be put into effect without a drastic change in Israel's approach to the problem.

## ISRAEL

Israeli-Satellite relations worsen: Israel, whose creation was assisted by the USSR, has reason to feel that the Soviet bloc is now strangling its development through curtailment of immigration. Satellite states have

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launched an anti-Zionist campaign, marked by raids, arrests, and propaganda, with the apparent intent of discouraging or frightening potential emigres and creating discord and suspicion within Jewish communities. A new Yiddish radio program in Rumania labels Zionism a "chauvinist national movement" opposed to the interests of the state. Raids and confiscation of records in Zionist offices in Poland and Czechoslovakia have increased the anxiety of thousands hoping to leave those countries. Emigration is officially held to a trickle in Hungary and Rumania, where an estimated 500,000, restive under Communist economic pressures, hope to depart for Israel. Since the USSR desire for a large labor force will not be served by widespread Jewish emigration, it is probable that Israeli appeals will not materially affect the new Soviet policy.

### EGYPT

Anglo-Egyptian financial agreement: After several months of discussion, a financial agreement has been reached between Egypt and the UK under which the UK will reportedly make £ 12 million immediately available to Egypt and will release up to an additional £ 18 million should Egypt's sterling account fall below a certain figure. The question of a hard currency allocation, which provided the greatest difficulty in the negotiations, was eventually compromised by a provision that the UK would permit the conversion to dollars of £ 5 million. In addition Egypt will be permitted to pay £ 5 million in sterling against its petroleum imports, which are estimated to total £ 8 million, thus easing one of the country's most serious dollar drains. On the whole, Egypt has not come off too badly. Although its sterling position was never a matter of serious concern, adequate free sterling has now been assured, and Egypt should be able to meet its minimum essential hard currency requirements from current receipts. Trade with the US, however, will continue to be limited for the most part to commodities unobtainable in the sterling area.

### SAUDI ARABIA

Ibn Saud registers dissatisfaction: King Ibn Saud of Saudi Arabia has once again asserted that he is dissatisfied with US policy toward Saudi Arabia as providing Saudi Arabia insufficient guarantees against either Hashimite or Soviet aggression. The King has asked for an assurance that the US will come to the defense of Saudi Arabia if it is attacked and has indicated that he will be forced to turn to the UK for such a guarantee

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if he cannot get it from the US. Ibn Saud has made such statements repeatedly during the past two years and will probably do so in the future. If he fails to obtain the assurances he wants from the US, he may reopen negotiations for a mutual defense treaty with the UK, though without much prospect of success. His undoubted disappointment would probably not, however, affect the conclusion of the newly renegotiated Dhahran Airbase Agreement with the US, which is scheduled for signature this week. Under the new agreement, the airfield and all fixed installations will become the property of Saudi Arabia, but the US will continue to use the airfield as a transit base for its military aircraft. Although the Saudi Arabian Government will theoretically control all civil air matters, the American commanding officer of the base will continue to have effective authority over all activities. The agreement will run for one year and includes a provision for annual renewal.

#### IRAN

Soviet border incident: In stimulating the recent tension along the Soviet-Iranian frontier east of the Caspian Sea, the Soviets have apparently revived the familiar device of the border incident, after a four-months lapse, to indicate their displeasure with Iran. The affair appeared purely local at the outset on 21 March, when 50 Soviet cavalymen, operating near the southern extremity of a disputed zone where the boundary has never been precisely defined, killed one member of a three-man Iranian patrol and captured the other two. Later, however, after a Soviet allegation that the patrol was on Soviet soil had evoked denials and an official protest from Iran, the Soviet commander demanded that the Iranian post commander withdraw all Iranian forces from the area within a stipulated time, while a Soviet force of 500 men and 10 tanks reportedly waited in readiness. The Soviets meanwhile showed no interest in an Iranian suggestion that a Soviet Embassy representative verify Iranian claims on the spot. Under orders from Tehran, the Iranian forces have remained fast despite the passage of the Soviet deadline, and the USSR now appears willing to have the incident blow over. Nevertheless, the border incident will undoubtedly continue to play a part in the war of nerves against Iran and its frontier forces.

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## NOTED IN BRIEF

Although the Greek Foreign Office has expressed approval of the new US policy of relaxing export restrictions to Yugoslavia, Greek public opinion may be expected to be somewhat reserved. The Liberal publication Vima has already expressed the hope that such a policy would not result in more effective Yugoslav aid to the guerrillas. As yet, Yugoslavia has given no proof of a softened attitude toward the Greek Government. On the contrary, Belgrade on 20 March announced a week of Yugoslav solidarity with the Greek guerrillas.

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Continued Egyptian desire for a rapprochement with the UK is indicated by Egyptian cooperation regarding the Nile Waters Development scheme, assurances as to the early release of British goods detained by Egypt as a result of the Palestine war, and a more favorable attitude on the part of the Egyptian press. Further evidence is provided by the satisfactory settlement of the Suez Canal Company dispute, and by the imminent signature of Anglo-Egyptian financial and Civil Aviation agreements.

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The initial Egyptian reaction on the North Atlantic Pact has been somewhat divided. The Minister of Public Works expressed cynicism regarding the effectiveness of the Pact, but Shousha Pasha, Under Secretary of the Public Health Ministry and regional head of World Health Organization, was more friendly. Generally, the pro-government press has praised the Pact as giving "the suffering world new hope and a sense of security."

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Reports that a conference of Middle East Kurds is to meet 1 May at Erivan, within the USSR, to discuss boundaries for an independent state have aroused no apprehension on the part of the Iranian Army. The Chief of Staff has stated that there are only 15-20,000 Kurds, incapable of implementing any decision, within the USSR, and, although a few Kurdish chieftains might connive in a Kurdish nationalist movement, has flatly stated that the Kurdish tribal leaders in Iran are not in favor of an independent Kurdish state.

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The trial of the fourteen Tudeh Party leaders in Iran has apparently taken an unsatisfactory course as far as the government is concerned. The prosecution has been outmaneuvered by the defense, and the government has felt compelled to appoint five new judges qualified to cope with the superior tactics of the Tudeh lawyers.

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Although Indian government officials have adopted the attitude that the North Atlantic Pact is of no concern to India, newspaper comment has been generally favorable. Although many papers deplore the necessity of such a treaty, the majority of comments take the realistic view that the Pact is a desirable demonstration of determination and unity against threatened aggression. Several anti-US papers, however, have asserted that the Pact threatens world peace by widening the rift between East and West. The Pact elicited less comment in Pakistan. The government itself made no statement on the subject, and while the English language papers generally upheld the Pact most of the other publications, preoccupied with internal affairs, tended to ignore it.

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India's relationship to the Commonwealth is one of the major subjects to be discussed at the Commonwealth Prime Ministers Conference to be held in London in the latter part of April. Prime Minister Nehru, who will attend, recently announced that India would become an independent sovereign republic in a few months. However, he favors a close association with the Commonwealth, and some special relationship between India and the remaining Dominions may thus be expected. Other subjects likely to be discussed at the conference are the situation in SE Asia and the growth of Communism in that area.

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The French Colonies in South India (Karikal, Pondichery, Yanaon, and Mahe) are scheduled to hold a referendum on 11 December, under supervision of neutral observers chosen by the UN or by the Indian and French governments, on the question of their joining the Indian Union. (The future of Chandernagore is to be decided separately.) The French councilors ordering the vote have specified that the Indian Parliament must guarantee French India complete autonomy for a 30-year transition period if the vote goes in favor of India.

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It is probable, however, that the GOI will demand immediate incorporation of the French possessions into the Indian Union if the referendum results are in its favor.

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Afghan agitation of the Pathanistan issue is being intensified, although the motivation for Afghanistan's heavy emphasis on the matter is still unclear. The Afghan Ambassador to the UK has been quoted as saying that Afghanistan must continue to resist Pakistan's tribal policy even at the risk of war and the Sovietization of the country, and there are reports that his government is working directly to exite the tribes in the North West Frontier Province. The UK High Commissioner meanwhile states that he has proof that the Soviet Embassy in Kabul is supplying funds for use in the tribal areas.

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